

Position on the Federal “Stimulus”

By Milwaukee County Executive Scott Walker

The federal “stimulus” funding package was portrayed as the best way to improve the economy by getting people working on important shovel-ready projects. Instead, we now see that much of that funding is going to new, big-government programs in Washington and to state and local government budget bailouts – not exactly economic stimulus.

Early on, I raised concerns about the federal “stimulus” package and suggested that cutting taxes and easing regulations would do more to stimulate the economy than spending a trillion dollars of money that the country does not have.

From President Kennedy to President Reagan, history shows us that tax cuts work. For example, after the Reagan tax cuts were fully enacted in 1983, America saw the largest peacetime economic boom in history. More than 20 million jobs and 5 million businesses were created by the end of that decade.

Again, at the state level, I pushed for tax cuts. Specifically, I called on the Governor to use the majority of the “stimulus” funds to truly stimulate the economy by suspending the collection of the state sales tax through the end of 2009. It would make Wisconsin a commerce magnet and it would help small businesses too. Sadly, state leaders were not open to that idea.

So, now that it is clear that neither the federal or state plans have the kind of tax cuts and pro-growth actions I envisioned, let me clearly lay out my position on the use of the “stimulus” funds in Milwaukee County.

At the start of the year, I laid out clear criteria to protect the taxpayers for any application for federal “stimulus” funds:

- **No matching funds required by Milwaukee County.** Most federal grants require a 20% (or greater) match from the local government. “Free money” sounds nice until you read the fine print and realize local taxpayers could be required to provide a match, which they cannot afford. For example, if our county receives \$50 million for infrastructure projects under this formula, local taxpayers will have to come up with an extra \$10 million. And if we borrow to cover the \$10 million, the cost goes up by \$920,000 per year. This hardly sounds like “free money” to me.

- **No long-term federally mandated financial commitments required by Milwaukee County.** For example, a federal program once gave funding to put thousands of police officers on the streets. The funding was eliminated after several years, causing municipalities to make the tough choice of letting officers go or creating a budget hole to fill from another necessary service.
- **Expenditure of requested funds will not obligate Milwaukee County to new operating or maintenance expenses.** Funding for expenditures not budgeted that would require sizable future contributions to maintain would be counterproductive. Madison is faced with this scenario with a beautiful performing arts center that was donated by a philanthropist, but ongoing maintenance costs exceed their ability to pay.

Applying for funds that do not meet these criteria should not be advanced unless they are already included as part of the 2009 budget. We will work with the County Board to identify “stimulus” funds that would be beneficial to Milwaukee County without burdening the taxpayers.

Last week, the head of the state agency that oversees the federal “stimulus” funds said that anyone who prepared a list prior to the federal plan being signed into law by the President should “tear it up” and start over with the formal application process. We made that point in January when various politicians decried my resistance to submitting a “wish list” to the Governor.

Once the federal legislation was approved and signed and the process became clear, we jumped into action. With my approval, our head of the Department of Transportation and Public Works submitted a list of \$66 million in highway projects and \$12 million in bridge projects to the state for potential funding. These projects meet all of the mentioned criteria and are part of our long-term plans for the county. Other departments are considering similar requests.

We will review every program and prepare applications where appropriate, but we did not create a “wish list” of things we do not need and cannot afford. Spending money (that comes with strings attached) when we cannot afford to pay it back is exactly what got this country – as well as many businesses and individuals – in financial trouble. I believe we should not make that same mistake here in Milwaukee County.